GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3560
ANSWERED ON:20.08.2004
NON-BANKING FINANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) whether some non-banking finance companies are collecting money from people by cheating them;

(b) the steps taken/proposed to be taken by the Government to ensure proper return on money of the depositors;

(c) the details of fraudulant non-banking companies identified during the last three years; and

(d) the amount of money of the depositors looted by these companies ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) :- Reserve Bank of India (RBI) have reported that they have not come across any information regarding non-banking finance companies (NBFCs) collecting money from people by cheating them.

(b) : - Comprehensive regulatory framework has been put in place in RBI which is aimed at protecting the interests of the depositors and ensuring that NBFCs function on sound and healthy lines. The regulatory framework includes, inter-alia, compulsory registration, maintenance of iquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder.

(c):- RBI have further reported that they have not come across any fraudulent NBFC during the last three years.

(d):- Does not arise in view of the answer to part (c) of the Question above.